



Department of Justice

United States Attorney David E. Nahmias
Northern District of Georgia

FOR IMMEDIATE RELEASE

11/30/06

<http://www.usdoj.gov/usao/gan/>

CONTACT: Patrick Crosby

(404)581-6016

FAX (404)581-6160

FORMER BANK OFFICER PLEADS GUILTY TO INSIDER TRADING JUST BEFORE TRIAL WAS TO BEGIN

Atlanta, GA - PATRICK ANDERSON, 56, of Lilburn, Georgia, a former officer with Tucker, Georgia-based "Eagle Bancshares, Inc". (NASDAQ: EBSI) and its subsidiary Tucker Federal Bank, pleaded guilty today in federal district court to insider trading based on his purchases of Eagle Bancshares stock in 2002.

United States Attorney David E. Nahmias said: "This defendant used secret company information for his own gain on the stock market, cheating his company of his loyalty and cheating ordinary investors who did not have the same access to the information. Because of this fraud and self-dealing, he will now be going to prison."

According to United States Attorney Nahmias and the information presented in court: In late February and March 2002, ANDERSON purchased 15,000 shares of stock of his employer, Eagle Bancshares, based on secret merger negotiations ANDERSON learned about between Eagle Bancshares and RBC Centura Bank. These secret talks ultimately resulted in a deal announced to the public after the close of trading on March 26, 2002, whereby RBC Centura agreed to buy all of the outstanding shares of Eagle Bancshares. ANDERSON purchased his stock because of his advance knowledge of these negotiations, believing that the stock would rise in value once the public learned of the deal. In fact, when the merger was announced, the price of Eagle Bancshares stock jumped more than 50% overnight, from approximately \$17 per share on March 26, 2002 to approximately \$26 per share on the morning of March 27. ANDERSON's profits from his four weeks of trading in Eagle Bancshares stock exceeded \$120,000.

The information obtained by ANDERSON about the secret negotiations included information he learned in a business meeting in February 2002 and information a co-worker provided to him.

ANDERSON was indicted in March 2006 on 34 counts of insider trading, and the case was scheduled to go to trial this week. He pleaded guilty to one count, but he

acknowledged that his sentence would be based upon the entirety of his conduct. He could receive a maximum sentence of 10 years in prison and a fine of up to \$1,000,000. ANDERSON is scheduled to be sentenced on February 21, 2007, at 4:30p.m., before United States District Judge Orinda D. Evans.

This case is being investigated by Special Agents of the Federal Bureau of Investigation. Substantial assistance was provided by the U.S. Securities and Exchange Commission, Atlanta Division, which previously sued ANDERSON in a civil enforcement action.

Assistant United States Attorney Justin S. Anand is prosecuting the case.

For further information please contact David E. Nahmias (pronounced NAH-me-us), United States Attorney, or Charysse L. Alexander, Executive Assistant United States Attorney, through Patrick Crosby, Public Affairs Officer, U.S. Attorney's Office, at (404) 581-6016. The Internet address for the HomePage for the U.S. Attorney's Office for the Northern District of Georgia is www.usdoj.gov/usao/gan.